

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal One)

Docket No. RM2023-4

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued February 24, 2023)

To clarify the Postal Service's petition to consider proposed changes to analytical principles, filed February 10, 2023, the Postal Service is requested to provide a written response to the following questions.¹ Answers should be provided to the individual questions as soon as they are developed, but no later than March 3, 2023.

1. Please refer to Docket No. ACR2022, Library Reference USPS-FY22-13, December 29, 2022, Excel file "USPS-FY22-13.MKTG.xlsx," tab "Summary." Please confirm that the workshare discount passthrough calculations for the per piece USPS Marketing Mail Flats pricing structure in the Postal Service's next notice of Market Dominant price change will reflect the avoided costs displayed in cells E47, E48, and E49. If not confirmed, please explain.
2. Please refer to Docket No. ACR2022, Library Reference USPS-FY22-3, December 29, 2022, Excel file "FY22.3 WorksharingTables.xlsx," tab "Flats & Parcels Dropship," Column C, in which the Postal Service identifies the categories of Flats and parcels that may be dropshipped. In Docket No. RM2023-4, the Postal Service proposes to change the current pricing structure and methodology for (1) Commercial and Nonprofit Auto and Nonauto Flats; (2)

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), February 10, 2023 (Petition).

Commercial and Nonprofit Basic Carrier Route Flats; and (3) Commercial and Nonprofit HD, HD+ and Saturation Flats. The current pricing structure and methodology is also used for (4) Nonprofit Machinable and Irregular Parcels and (5) Commercial and Nonprofit Marketing Parcels. Please discuss if the Postal Service intends to update the pricing structure and methodology for (4) and (5) to be consistent with (1), (2), and (3), as well as all other workshare discount passthrough calculations.

3. The Postal Service states that “[t]o ensure that Flats mailers receive prices that increment smoothly when moving from pieces below 4 oz. to pieces above 4 oz., in the current price structure, the rates for pieces weighing 4 oz. or less are calculated as a function of the per-pound rate for pieces above 4 oz.” Petition at 9. Please compare the prices paid for pieces weighing 4 ounces or less to the prices paid for pieces weighing above 4 ounces under the current weight-based pricing structure with those available under the proposed piece-based pricing structure.
4. The Postal Service provides examples of the proposed pricing structure and workshare discount passthrough calculations “[u]sing illustrative, revenue-neutral prices from the new pricing paradigm.” *Id.* at 10. The examples constrain the revenue from the pricing structure to the revenue from the given rate case. Because the Postal Service will have more pricing flexibility available when filing its next notice of Market Dominant price change than was available under the revenue-neutral examples provided, please confirm that the Postal Service intends to maintain incremental pricing equity between pieces weighing 4 ounces or less and pieces weighing above 4 ounces. If not confirmed, please explain.

By the Chairman.

Michael Kubayanda